

TOOELE COUNTY

**Financial Statements
and
Independent Auditors' Report
with Supplemental Information**

December 31, 2005

TOOELE COUNTY

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INDEPENDENT AUDITORS' REPORT

Honorable Board of County Commissioners
Tooele County, State of Utah:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Tooele County, State of Utah (the County)**, as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tooele County, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2006 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 10, and the condition assessment of the County's infrastructure on pages 38 through 39, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the County. The combining and individual nonmajor fund financial statements listed in the table of contents are presented for the purpose of additional analysis and are also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Haynie & Co

Salt Lake City, Utah
August 15, 2006

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Management's Discussion and Analysis

This discussion of Tooele County's financial performance provides an overview of the County's financial activities for the year ending December 31, 2005. This report is in conjunction with the County's financial statements.

The purpose of the County is to provide general services to its residents, which include general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

Financial Highlights

- ◆ The assets of Tooele County exceeded its liabilities as of the close of the most recent year by \$90,559,804 (*net assets*). Of this amount, \$18,594,521 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net assets increased by \$10,870,459. The revenues met or exceeded the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- ◆ At the close of the current year, the Tooele County governmental funds reported combined ending fund balances of \$25,768,132, an increase of \$10,599,474 in comparison with the prior year. Approximately 70 percent of this total amount, \$18,068,818, is available for spending at the government's discretion (*unreserved fund balance*).
- ◆ At the end of the current year, unreserved fund balance for the general fund was \$13,715,051, or 84 percent of total general fund expenditures.
- ◆ Tooele County's total debt decreased by \$2,161,232 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Tooele County's basic financial statements. Tooele County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Tooele County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Tooele County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Tooele County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Tooele County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Tooele County include general government, public safety, public health, highways and public improvements, parks and recreation, and economic development. The business-type activities of Tooele County include Deseret Peak, the landfill operation, and the airport.

The government-wide financial statements include not only Tooele County itself (known as the primary government), but also a legally separate special service district for recreation, for which Tooele County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Refer to the table of contents for the location of the government-wide financial statements.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Tooele County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Tooele County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Tooele County maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the public health fund, which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Tooele County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary funds

Tooele County maintains two types of proprietary funds—Enterprise funds and Internal Service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Tooele County uses enterprise funds to account for its Deseret Peak, landfill, and airport operations. *Internal Service funds* are presented as *governmental activities* in the government-wide financial statements and are used to account for the central stores and service equipment operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Desert Peak, the landfill, and the airport, which are all considered to be major funds of Tooele County.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Tooele County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Tooele County.

The combining statements referred to earlier in connection with non-major governmental funds and the enterprise fund is presented immediately following the required supplementary information.

Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Tooele County, assets exceeded liabilities by \$90,559,804 at the close of the most recent fiscal year.

By far the largest portion of Tooele County's net assets (71 percent) reflects its investment in capital assets (e.g. land, buildings and improvements, furniture, fixtures, and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Tooele County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Tooele County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Tooele County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 28,282,974	\$ 17,573,738	\$ 605,471	\$ 1,870,580	\$ 28,888,445	\$ 19,444,318
Capital assets	49,165,126	48,413,270	22,224,533	22,933,099	71,389,659	71,346,369
Total assets	77,448,100	65,987,008	22,830,004	24,803,679	100,278,104	90,790,687
Long-term liabilities outstanding	3,312,000	908,000	3,019,207	3,211,278	6,331,207	4,119,278
Other liabilities	2,934,929	2,430,291	452,164	4,550,345	3,387,093	6,980,636
Total liabilities	6,246,929	3,338,291	3,471,371	7,761,623	9,718,300	11,099,914
Net Assets:						
Invested in capital assets, net of related debt	45,142,641	46,722,164	19,014,327	19,374,998	64,156,967	66,097,162
Restricted	7,699,314	2,944,084	109,002	85,913	7,808,316	3,029,997
Unrestricted	18,359,217	12,982,469	235,304	(2,418,855)	18,594,521	10,563,614
Total net assets	\$ 71,201,172	\$ 62,648,717	\$ 19,358,633	\$ 17,042,056	\$ 90,559,804	\$ 79,690,773

A portion of Tooele County's net assets (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, (\$18,594,521) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Tooele County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

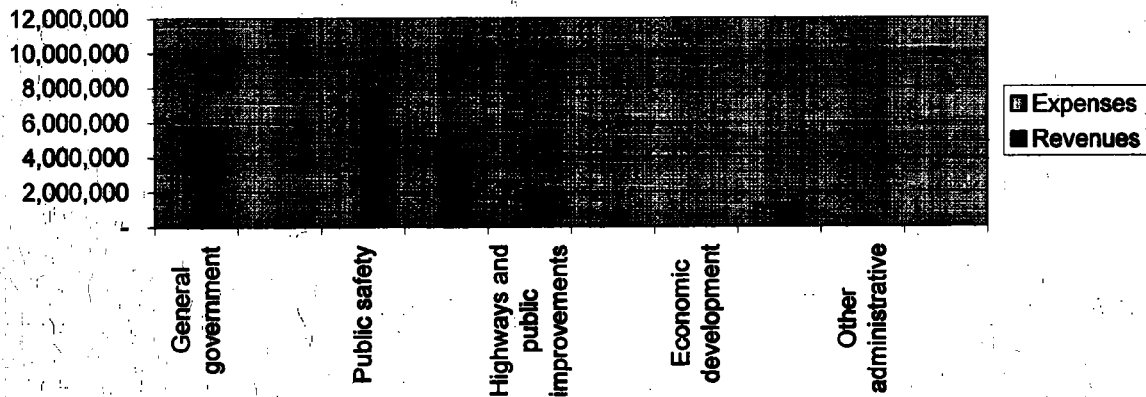
Governmental activities

Governmental activities increased Tooele County's net assets by \$8,552,455. Key elements of this increase are as follows:

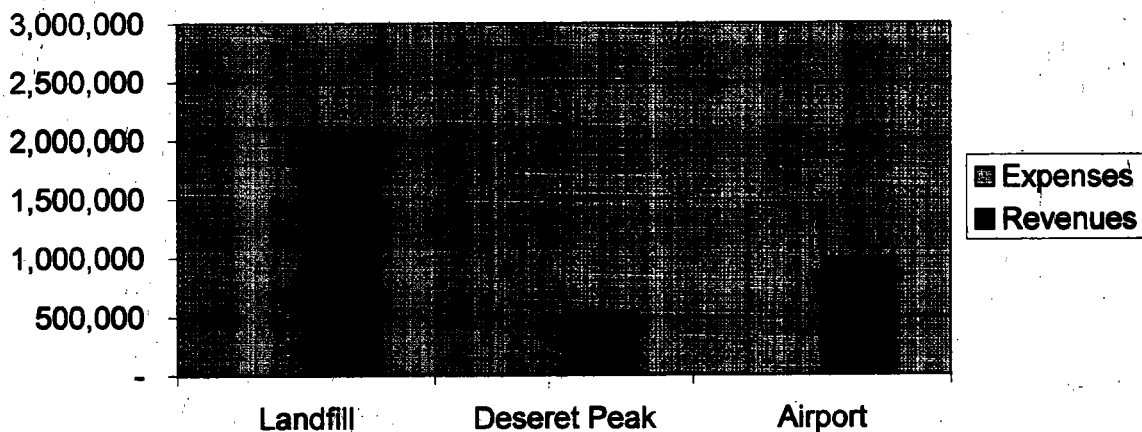
Tooele County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 2,524,834	\$ 2,387,068	\$ 3,035,711	\$ 2,580,521	\$ 5,560,545	\$ 4,967,589
Operating grants and contributions	17,764,066	13,159,012	28,535	3,952	17,790,601	13,162,964
Capital grants and contributions	1,213,998	-	166,092	277,413	1,380,090	277,413
General revenues:						
Property taxes	5,646,077	5,295,041	-	-	5,646,077	5,295,041
Earnings on investments	634,315	162,031	27,423	9,491	661,738	171,522
Miscellaneous	13,680,240	9,622,549	341,052	1,331,173	14,021,292	10,953,722
Total revenues	41,463,530	30,625,701	3,596,813	4,202,550	45,060,342	34,828,251
Expenses:						
General government	9,562,963	6,756,204	-	-	9,562,963	6,756,204
Tourism and promotion	343,701	312,936	-	-	343,701	312,936
Public safety	9,422,358	8,877,030	-	-	9,422,358	8,877,030
Public health	4,966,395	4,560,007	-	-	4,966,395	4,560,007
Highways and public improvements	2,613,062	3,894,754	-	-	2,613,062	3,894,754
Parks and recreation	779,965	710,034	-	-	779,965	710,034
Economic development	30,453	13,052	-	-	30,453	13,052
Capital projects	1,121,346	181,880	-	-	1,121,346	181,880
Other administrative	482,584	423,038	-	-	482,584	423,038
Interest on long-term debt	163,248	35,900	-	-	163,248	35,900
Landfill	-	-	2,096,837	2,365,168	2,096,837	2,365,168
Deseret Peak	-	-	2,783,808	2,763,239	2,783,808	2,763,239
Airport	-	-	1,454,088	1,405,248	1,454,088	1,405,248
Total expenses	29,486,075	25,764,835	6,334,733	6,533,655	35,820,808	32,298,480
Incr. (decr.) in net assets before transfers	11,977,455	4,860,866	(2,737,921)	(2,331,105)	9,239,534	2,529,761
Transfers in (out)	(3,425,000)	-	4,830,925	2,500,000	1,405,925	2,500,000
Increase (decrease) in net assets	8,552,455	4,860,866	2,093,005	168,895	10,645,459	5,029,761
Net assets - beginning	62,648,716	57,787,850	17,042,056	16,873,161	79,690,772	74,661,011
Net assets - ending	\$ 71,201,171	\$ 62,648,716	\$ 19,135,061	\$ 17,042,056	\$ 90,336,231	\$ 79,690,772

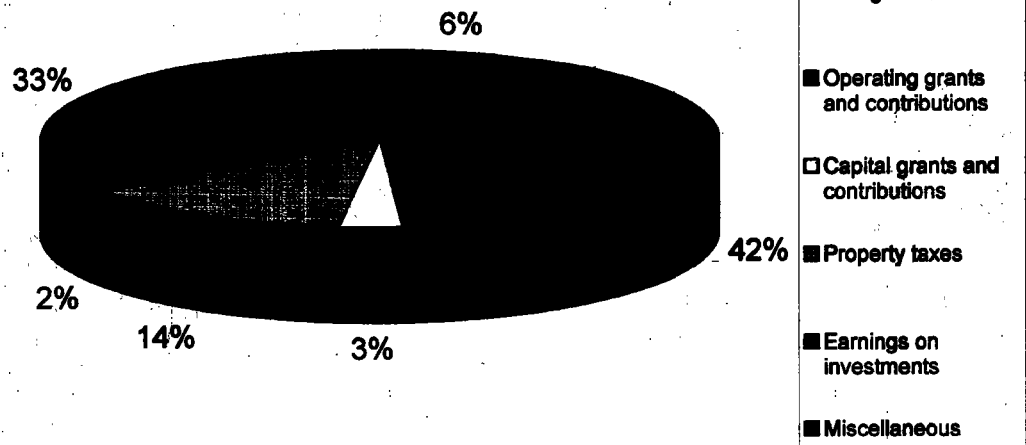
Expenses and Program Revenues - Governmental Activities



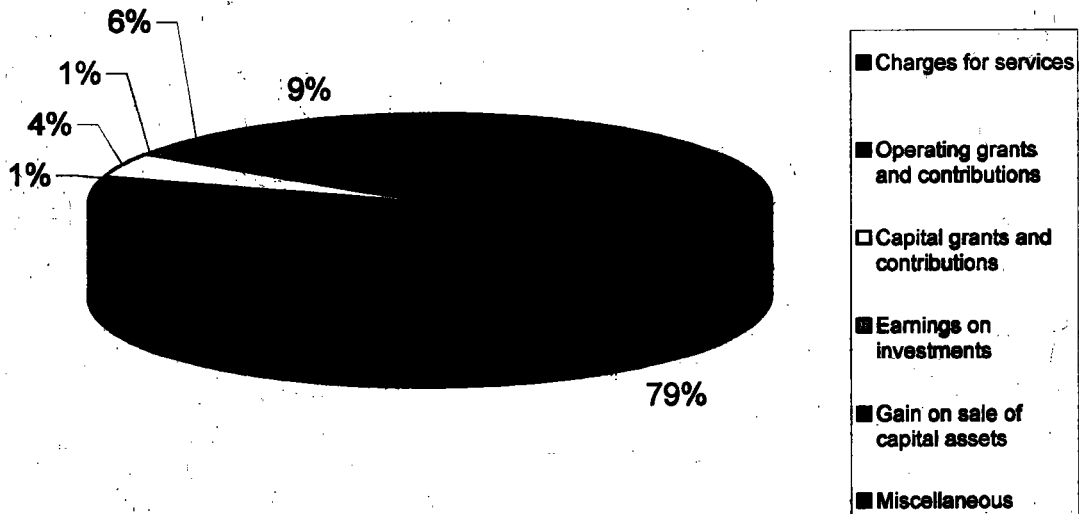
Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Governmental Activities



Revenues by Source - Business-Type Activities



- ◆ Charges for services increased by \$137,766 due mainly to jail fees, fines, licenses and permits, and public health charges.
- ◆ Operating grants increased by \$4,605,054 due mainly to an increase in general government, road funding, and public health.
- ◆ Property taxes increased by \$351,036 due to an increase in assessing and collecting of property taxes.
- ◆ Miscellaneous other revenue increased by \$4,057,691 due to an increase in mitigation fees.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. One noteworthy exception, however, was Tooele County's highways and public improvements, which decreased by \$1,281,692 due to decreased road projects.

Business-type activities

Business-type activities increased Tooele County's net assets by \$2,093,005 (12 percent decrease). Thirteen percent was the total growth in the government's net assets. Key elements of this increase are as follows:

- ◆ The total increase in the business-type activities is attributed to more charges for services and more transfers in from other funds/sources.
- ◆ The revenues met or exceeded the adopted budget amounts, and expenses were less than the adopted budget amounts.

Financial Analysis of the Government's Funds

As noted earlier, Tooele County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of Tooele County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Tooele County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Tooele County's governmental funds reported combined ending fund balances of \$71,201,172, an increase of \$8,552,455 in comparison with the prior year. Approximately 26 percent of this amount (\$18,359,217) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to capital improvements (\$5,059,297), 2) to debt service (\$280,067), 3) to workers compensation and early retirement (\$2,008,049), and 4) to prepaid expenses (\$351,901).

The general fund is the chief operating fund of Tooele County. At the end of the current year, unreserved fund balance of the general fund was \$13,715,051, while total fund balance reached \$16,066,642. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 84 percent of total general fund expenditures, while total fund balance represents 98 percent of that same amount.

Proprietary funds

Tooele County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$235,304. Other factors concerning the finances of these funds have already been addressed in the discussion of Tooele County's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget are mainly due to increased C.S.E.P.P. Emergency Management revenue of \$1,432,000, increased interest revenue of \$406,000, increased mitigation fees contribution revenue of \$5,467,000, increased emergency management expenditures of about \$1,450,000, and less appropriation dependency of about \$6,000,000.

Actual revenues of \$27,509,434 were less than final budgeted revenues by \$636,957. Intergovernmental revenues and mitigation fees were below management's projections.

The final adopted budget for General Fund expenditures was \$18,550,803 in 2005, which represents a 6% decrease over the 2004 adopted budget.

Expenditures were \$16,370,890, or approximately 12% less than the final adopted budget. Most of the under-expended amount occurred in the County's general government, public safety, and other administrative organizations.

Capital Asset and Debt Administration

Capital assets

Tooele County's investment in capital assets for its governmental activities, as of December 31, 2005, amounts to \$49,165,126 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture, fixtures, and equipment, and infrastructure, which includes roads, highways, and bridges. The total increase in Tooele County's investment in capital assets for the current year was \$751,856.

Major capital asset events during the current year included the following:

- ♦ Furniture, fixtures, and equipment purchases of \$948,191, net of depreciation.

Also, the County has elected to use the modified approach to account for its infrastructure assets, such as roads and bridges. That information can be found in the required supplementary information following the notes to the financial statements.

Tooele County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 3,462,568	\$ 3,362,268	\$ 459,295	\$ 459,295	\$ 3,921,863	\$ 3,821,563
Buildings and improvements	5,457,827	5,791,929	20,448,161	21,636,339	25,905,988	27,428,268
Construction in progress	39,000	-	850,778	-	889,778	-
Furniture, fixtures, and equipment	2,097,371	1,150,713	466,299	837,465	2,563,670	1,988,178
Infrastructure	38,108,360	38,108,360	-	-	38,108,360	38,108,360
Total	\$ 49,185,126	\$ 48,413,270	\$ 22,224,533	\$ 22,933,099	\$ 71,389,659	\$ 71,346,369

Additional information on Tooele County's capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the current year, Tooele County had total debt outstanding of \$4,118,206. The debt represents lease revenue bonds, sales tax revenue bonds, contracts/notes payable, and capital lease obligations.

Tooele County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Lease revenue bonds	\$ 908,000	\$ 1,045,000	\$ 1,615,135	\$ 1,680,816	\$ 2,523,135	\$ 2,725,816
Sales tax revenue bonds	-	-	1,519,000	1,598,000	1,519,000	1,598,000
Note payable	-	-	-	166,315	-	166,315
Capital lease obligations	-	-	76,071	111,843	76,071	111,843
Total	\$ 908,000	\$ 1,045,000	\$ 3,210,206	\$ 3,556,974	\$ 4,118,206	\$ 4,601,974

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 percent of its total fair market value of taxable property in the County. The current debt limitation for Tooele County is \$33,589,314.

Additional information on Tooele County's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- ◆ The unemployment rate for Tooele County is 4.6 percent, which is a decrease from a rate of 7.2 a year ago. This is lower than the State's average unemployment rate of 5.3 percent and the national average rate of 5.6 percent.
- ◆ Construction on new single-family homes increased by approximately 27% in 2005. Total value for new single-family homes was \$83,803,000 in 2005 compared to \$60,350,000 in 2004. This indicates an increase in economic activity in Tooele County.

All of these factors were considered in preparing Tooele County's budget for the 2005 and 2006 years.

Requests for Information

This financial report is designed to provide a general overview of Tooele County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information such as reports for component units, should be addressed to the Tooele County Auditor, 47 South Main Street, Tooele, Utah, 84074.

TOOELE COUNTY
Statement of Net Assets
December 31, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and investments	\$ 26,179,016	\$ 164,127	\$ 26,343,143	\$ 45,432
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):				
Accounts	269,897	332,342	602,239	-
Taxes	74,081	-	74,081	-
Due from other governmental units	1,397,861	-	1,397,861	-
Inventories	10,218	-	10,218	-
Interfund receivables	-	-	-	-
Prepaid expenses	351,901	109,002	460,903	-
Capital assets, net of depreciation:				
Land	3,462,568	459,295	3,921,863	-
Buildings and improvements	5,457,827	20,448,161	25,905,988	-
Construction in progress	39,000	850,778	889,778	-
Furniture, fixtures, and equipment	2,097,371	466,299	2,563,670	-
Infrastructure	38,108,360	-	38,108,360	-
Total assets	77,448,100	22,830,004	100,278,104	45,432
Liabilities:				
Accounts payable and accrued expenses	1,357,234	261,165	1,618,399	650
Accrued interest payable	18,210	-	18,210	-
Due to other governmental units	111,520	-	111,520	-
Interfund payables	-	-	-	-
Accrued liability for vested compensated absences	1,067,434	-	1,067,434	-
Long-term debt and capital lease obligations:				
Due within one year	241,000	190,999	431,999	-
Due in more than one year	3,312,000	3,019,207	6,331,207	-
Deferred revenue	139,531	-	139,531	-
Total liabilities	6,246,929	3,471,371	9,718,300	650
Net assets:				
Invested in capital assets, net of related debt	45,142,641	19,014,327	64,156,967	-
Restricted for:				
Capital improvements	5,059,297	-	5,059,297	44,782
Debt service	280,067	-	280,067	-
Workers compensation and early retirement	2,008,049	-	2,008,049	-
Prepaid expenses	351,901	109,002	460,903	-
Unrestricted	18,359,217	235,304	18,594,521	-
Total net assets	\$ 71,201,172	\$ 19,358,633	\$ 90,559,804	\$ 44,782

See accompanying notes to financial statements.

TOOELE COUNTY

Statement of Activities
For the Year Ended December 31, 2005

Functions:	Program Revenues				Net (Expense) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants/Contributions		Primary Government		Component Unit
			Operating Grants/Contributions	Capital Grants/Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 9,562,963	\$ 762,416	\$ 4,862,559	\$ -	\$ (3,937,988)	\$ -	\$ -
Tourism and promotion	343,701	-	-	-	(343,701)	-	-
Public safety	9,422,358	672,168	7,246,541	-	(1,503,649)	-	-
Public health	4,966,395	916,516	3,489,498	-	(560,381)	-	-
Highways and public improvements	2,613,062	1,283	2,165,488	-	(446,311)	-	-
Parks and recreation	779,965	172,451	-	-	(607,514)	-	-
Conservation and economic development	30,453	-	-	-	(30,453)	-	-
Capital projects	1,121,346	-	-	1,213,998	92,652	-	-
Other administrative	482,584	-	-	-	(482,584)	-	-
Interest on long-term debt	163,248	-	-	-	(163,248)	-	-
Total governmental activities	29,486,075	2,524,834	17,764,066	1,213,998	(7,983,177)	-	(7,983,177)
Business-type activities:							
Solid waste	2,096,837	2,059,216	-	-	-	(37,621)	-
Deseret Peak	2,783,808	490,870	-	-	-	(2,292,938)	-
Airport	1,454,088	485,625	26,535	166,092	-	(775,836)	-
Total business-type activities	6,334,733	3,035,711	26,535	166,092	-	(3,106,395)	-
Total primary government	\$35,820,808	\$ 5,560,545	\$ 17,790,601	\$ 1,380,090	(7,983,177)	(3,106,395)	(11,089,572)
Component unit:							
Recreation district	\$ 207,835	\$ 16,476	\$ 180,304	\$ -	-	-	(11,055)
Total component unit	\$ 207,835	\$ 16,476	\$ 180,304	\$ -	-	-	(11,055)
General revenues:							
Property taxes					5,646,077	5,646,077	-
Earnings on investments					634,315	27,423	-
Gain on sale of capital assets					-	225,000	-
Miscellaneous					13,680,240	341,052	-
Transfers					(3,425,000)	4,830,925	-
Total general revenues and transfers					16,535,632	5,424,400	-
Change in net assets					8,552,455	2,318,005	(11,055)
Net assets - beginning					62,648,717	17,040,628	55,837
Net assets - ending					\$ 71,201,172	\$ 19,358,633	\$ 44,782

See accompanying notes to financial statements

TOOELE COUNTY
Balance Sheet - Governmental Funds
December 31, 2005

	General	Human Services	Municipal Services	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and investments	\$14,761,212	\$ 1,395,350	\$ 1,200,648	\$ 5,059,287	\$ 2,862,763	\$ 25,279,260
Receivables:						
Accounts	269,516	-	-	-	381	269,897
Taxes	74,081	-	-	-	-	74,081
Due from other governmental units	1,291,570	-	1,061	2,410	102,820	1,397,861
Due from other funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Prepaid expenses	343,542	-	205	-	8,154	351,901
Total assets	\$16,739,921	\$ 1,395,350	\$ 1,201,914	\$ 5,061,697	\$ 2,974,118	\$ 27,373,000
<u>LIABILITIES AND FUND EQUITY</u>						
Liabilities:						
Accounts payable and accrued expenses	\$ 561,759	\$ 603,283	\$ 49,664	\$ 2,400	\$ 136,711	\$ 1,353,817
Due to other funds	-	-	-	-	-	-
Due to other governmental units	111,520	-	-	-	-	111,520
Deferred revenue	-	-	-	-	139,531	139,531
Total liabilities	673,279	603,283	49,664	2,400	276,242	1,604,868
Fund equity:						
Fund balance:						
Reserved	2,351,591	-	205	5,059,297	288,221	7,699,314
Unreserved	13,715,051	792,067	1,152,045	-	2,409,655	18,068,818
Total fund equity	16,066,642	792,067	1,152,250	5,059,297	2,697,876	25,768,132
Total liabilities and fund equity	\$16,739,921	\$ 1,395,350	\$ 1,201,914	\$ 5,061,697	\$ 2,974,118	\$ 27,373,000

TOOELE COUNTY
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2005

Total Fund Balances - Governmental Funds

\$ 25,768,132

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

49,165,126

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of those internal service funds that primarily benefit governmental entities are included with governmental activities in the statement of net assets.

906,557

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(4,638,644)

Total Net Assets - Governmental Activities

\$ 71,201,172

TOOELE COUNTY
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended December 31, 2005

	Major Funds				Other	Total
	General	Human Services	Municipal Services	Capital Projects	Governmental Funds	Governmental Funds
REVENUES:						
Taxes	\$ 4,020,320	\$ -	\$ 1,167,053	\$ -	\$ 458,704	\$ 5,646,077
Licenses and permits	12,250	-	1,138,199	-	10,000	1,160,449
Intergovernmental revenues	7,448,069	1,787,652	1,373,901	1,177,942	3,882,986	15,670,550
Charges for services	1,252,237	-	8,625	-	1,191,711	2,452,573
Fines and forfeitures	695,535	-	-	-	-	695,535
Interest on investments	435,656	19,388	20,283	10,860	115,810	601,997
Mitigation fees	13,318,600	-	-	-	-	13,318,600
Other	326,767	-	6,409	-	28,464	361,640
Total revenues	27,509,434	1,807,040	3,714,470	1,188,802	5,687,675	39,907,421
EXPENDITURES:						
General government	6,116,148	-	2,846,438	-	-	8,962,586
Tourism and promotion	-	-	-	-	330,323	330,323
Public safety	8,923,939	-	-	-	-	8,923,939
Public health and human services	-	1,430,662	-	-	3,342,423	4,773,085
Highways and public improvements	181,580	-	-	-	2,349,772	2,511,352
Parks and recreation	749,606	-	-	-	-	749,606
Conservation and economic development	29,268	-	-	-	-	29,268
Capital projects	-	-	-	1,077,699	-	1,077,699
Other administrative	390,349	-	-	-	-	390,349
Debt service:						
Principal retirement	-	-	-	-	137,000	137,000
Interest and fiscal charges	-	-	-	131,338	31,910	163,248
Total expenditures	16,370,890	1,430,662	2,846,438	1,209,037	6,191,428	28,048,455
Excess of revenues over (under) expenditures	11,138,544	376,378	868,032	(20,235)	(503,753)	11,858,966
Other financing sources (uses):						
Operating transfers in	252,256	188,000	-	1,761,000	1,268,718	3,469,974
Operating transfers (out)	(7,437,146)	-	-	-	-	(7,437,146)
Proceeds on sale of assets	-	-	-	-	-	-
Proceeds of issuance of long-term debt	-	-	-	2,707,680	-	2,707,680
Total other financing sources (uses)	(7,184,890)	188,000	-	4,468,680	1,268,718	(1,259,492)
Net change in fund balance	3,953,654	564,378	868,032	4,448,445	764,965	10,599,474
Fund balance, beginning of year	12,112,988	227,689	284,218	610,852	1,932,911	15,168,658
Fund balance, end of year	\$ 16,066,642	\$ 792,067	\$ 1,152,250	\$ 5,059,297	\$ 2,697,876	\$ 25,768,132

TOOELE COUNTY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds

\$ 10,599,474

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

651,556

The liability for compensated absences is not recorded in the governmental funds, but is reported in the statement of net assets. This is the current year change in the liability, reported as an expense in the statement of activities.

(76,521)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(2,508,000)

Some expenses (accrued interest on long-term debt) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

2,747

The change in internal balances between the governmental activities and the business-type activities relating to internal service funds is reflected in governmental activities but not in the governmental funds.

(83,510)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

(33,292)

Change in Net Assets of Governmental Activities

\$ 8,552,455

TOOELE COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 3,915,000	\$ 4,170,000	\$ 4,020,320	\$ (149,680)
Licenses and permits	10,000	12,500	12,250	(250)
Intergovernmental revenues	5,628,062	7,780,162	7,448,069	(332,093)
Charges for services	1,207,729	1,259,729	1,252,237	(7,492)
Fines and forfeitures	745,000	745,000	695,535	(49,465)
Interest on investments	30,000	436,000	435,656	(344)
Mitigation fees	7,900,000	13,367,000	13,318,600	(48,400)
Other	366,000	376,000	326,767	(49,233)
Total revenues	19,801,791	28,146,391	27,509,434	(636,957)
Expenditures:				
General government	6,521,691	6,556,291	6,116,148	440,143
Public safety	8,520,087	10,589,987	8,923,939	1,666,048
Highways and public improvements	335,622	185,622	161,580	24,042
Parks and recreation	585,903	765,903	749,606	16,297
Conservation and economic development	42,000	42,000	29,268	12,732
Other administrative	333,000	411,000	390,349	20,651
Total expenditures	16,338,303	18,550,803	16,370,890	2,179,913
Excess of revenues over (under) expenditures	3,463,488	9,595,588	11,138,544	1,542,956
Other financing sources (uses):				
Operating transfers in	-	-	252,256	252,256
Operating transfers (out)	(4,106,452)	(4,106,452)	(7,437,146)	(3,330,694)
Proceeds on sale of assets	-	-	-	-
Proceeds of issuance of long-term debt	-	-	-	-
Total other financing sources (uses)	(4,106,452)	(4,106,452)	(7,184,890)	(3,078,438)
Net change in fund balance	(642,964)	5,489,136	3,953,654	(1,535,482)
Fund balance, beginning of year	12,112,988	12,112,988	12,112,988	-
Fund balance, end of year	\$ 11,470,024	\$ 17,602,124	\$ 16,066,642	\$ (1,535,482)

TOOELE COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Human Services Fund For the Year Ended December 31, 2005

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	1,792,100	1,792,100	1,787,652	(4,448)
Charges for services	-	-	-	-
Interest on investments	19,500	19,500	19,388	(112)
Other	-	-	-	-
Total revenues	<u>1,811,600</u>	<u>1,811,600</u>	<u>1,807,040</u>	<u>(4,560)</u>
Expenditures:				
General government	-	-	-	-
Public health and human services	1,999,600	1,999,600	1,430,662	568,938
Total expenditures	<u>1,999,600</u>	<u>1,999,600</u>	<u>1,430,662</u>	<u>568,938</u>
Excess of revenues over (under) expenditures	<u>(188,000)</u>	<u>(188,000)</u>	<u>376,378</u>	<u>564,378</u>
Other financing sources (uses):				
Operating transfers in	188,000	188,000	188,000	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>188,000</u>	<u>188,000</u>	<u>188,000</u>	<u>-</u>
Net change in fund balance	-	-	564,378	564,378
Fund balance, beginning of year	227,689	227,689	227,689	-
Fund balance, end of year	<u>\$ 227,689</u>	<u>\$ 227,689</u>	<u>\$ 792,067</u>	<u>\$ 564,378</u>

TOOELE COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Municipal Services Fund For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 1,170,000	\$ 1,170,000	\$ 1,167,053	\$ (2,947)
Licenses and permits	1,141,000	1,141,000	1,138,199	(2,801)
Intergovernmental revenues	1,374,162	1,374,162	1,373,901	(261)
Charges for services	8,900	8,900	8,625	(275)
Interest on investments	20,300	20,300	20,283	(17)
Other	6,500	6,500	6,409	(91)
Total revenues	3,720,862	3,720,862	3,714,470	(6,392)
Expenditures:				
General government	2,878,062	2,878,062	2,846,438	31,624
Public health and human services	-	-	-	-
Total expenditures	2,878,062	2,878,062	2,846,438	31,624
Excess of revenues over (under) expenditures	842,800	842,800	868,032	25,232
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	842,800	842,800	868,032	25,232
Fund balance, beginning of year	284,218	284,218	284,218	-
Fund balance, end of year	\$ 1,127,018	\$ 1,127,018	\$ 1,152,250	\$ 25,232

TOOELE COUNTY

Statement of Net Assets - Proprietary Funds
December 31, 2005

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Solid Waste Fund	Deseret Peak Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
Assets:					
Cash and investments	\$ 44,198	\$ 76,662	\$ 43,267	\$ 164,127	\$ 899,756
Accounts receivable, net	222,607	1,682	108,053	332,342	-
Due from other governments	-	-	-	-	-
Inventories	-	-	-	-	10,218
Prepaid expenses	-	42,026	66,976	109,002	-
Property, plant, and equipment, net	1,270,463	15,426,775	5,527,295	22,224,533	616,158
Total assets	<u>1,537,268</u>	<u>15,547,145</u>	<u>5,745,591</u>	<u>22,830,004</u>	<u>1,526,132</u>
Liabilities:					
Accounts payable	92,669	64,372	104,124	261,165	3,417
Due to other funds	-	-	-	-	-
Long-term debt	-	1,595,071	1,615,134	3,210,205	-
Total liabilities	<u>92,669</u>	<u>1,659,443</u>	<u>1,719,258</u>	<u>3,471,370</u>	<u>3,417</u>
Net Assets:					
Invested in capital assets, net of related debt	1,270,463	13,831,704	3,912,161	19,014,328	616,158
Restricted	-	42,026	66,976	109,002	-
Unrestricted	174,136	13,972	47,196	235,304	906,557
Total net assets	<u>\$ 1,444,599</u>	<u>\$ 13,887,702</u>	<u>\$ 4,026,333</u>	<u>\$ 19,358,634</u>	<u>\$ 1,522,715</u>

TOOELE COUNTY

Statement of Revenues, Expenses, and Changes in
Fund Net Assets - Proprietary Funds
For the Fiscal Year Ended December 31, 2005

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Solid Waste Fund	Deseret Peak Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
Operating revenues:					
Service charges	\$ 2,059,216	\$ 490,870	\$ 485,825	\$ 3,035,711	\$ -
Intergovernmental revenue	-	-	26,535	26,535	-
Interfund lease payments	-	-	-	-	237,532
Sale of supplies	-	-	-	-	72,261
Other revenue	-	31,905	309,148	341,053	-
Total operating revenues	2,059,216	522,775	821,308	3,403,299	309,793
Operating expenses:					
Solid waste facility	1,919,035	-	-	1,919,035	-
Deseret Peak	-	1,967,463	-	1,967,463	-
Airport	-	-	1,000,862	1,000,862	-
General and administrative	-	-	-	-	76,426
Bad debt expense	1,478	-	-	1,478	-
Depreciation	176,324	818,345	391,355	1,384,024	237,393
Total operating expenses	2,096,837	2,783,808	1,392,217	6,272,862	313,819
Operating income (loss)	(37,621)	(2,261,033)	(570,909)	(2,869,563)	(4,026)
Other financing sources:					
Operating transfers in	250,000	2,480,925	2,100,000	4,830,925	5,000
Total other financing sources	250,000	2,480,925	2,100,000	4,830,925	5,000
Non-operating revenues (expenses):					
Federal and state grants	-	-	166,092	166,092	-
Interest on investments	3,650	19,655	4,118	27,423	32,318
Sale of fixed assets	-	-	225,000	225,000	-
Interest and other charges	-	-	(81,871)	(81,871)	-
Total non-operating revenues (expenses)	3,650	19,655	333,339	356,644	32,318
Change in net assets	216,029	239,547	1,862,430	2,318,006	33,292
Net assets -- beginning of year	1,228,570	13,648,155	2,163,903	17,040,628	1,489,423
Net assets -- end of year	\$ 1,444,599	\$ 13,887,702	\$ 4,026,333	\$ 19,358,634	\$ 1,522,715

TOOELE COUNTY
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2005

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste Fund	Deseret Peak Fund	Airport Fund	Total Enterprise Funds	
Cash flows from operating activities:					
Receipts from customers and users	\$ 2,080,813	\$ 506,984	\$ 384,705	\$ 2,972,502	\$ -
Receipts from other governments	-	-	26,535	26,535	-
Receipts from interfund leases	-	-	-	-	238,456
Receipts from sale of supplies	-	-	-	-	74,764
Receipts of miscellaneous income	-	31,905	309,148	341,053	-
Payments for solid waste operations	(1,910,222)	-	-	(1,910,222)	-
Payments for Deseret Peak operations	-	(1,961,043)	-	(1,961,043)	-
Payments for airport operations	-	-	(973,019)	(973,019)	-
Payments for administration	-	-	-	-	(80,035)
Net cash provided (used) by operating activities	170,591	(1,422,154)	(252,631)	(1,504,194)	233,187
Cash flows from noncapital financing activities:					
Operating transfers in	250,000	2,480,925	2,100,000	4,830,925	5,000
Increases in due to other funds	-	(820,000)	(2,190,000)	(3,010,000)	-
Reduction in due to other funds	(1,000,000)	-	-	(1,000,000)	-
Net cash provided (used) by noncapital financing activities	(750,000)	1,660,925	(90,000)	820,925	5,000
Cash flows from capital and related financing activities:					
Purchase/disposal of capital assets	(10,000)	(574,658)	(90,800)	(675,458)	(487,787)
Proceeds from sale of capital assets	-	-	225,000	225,000	-
Proceeds from federal and state grants	-	-	166,092	166,092	-
Proceeds from issuance of bonds	-	-	-	-	-
Payment of bond principal	-	(281,087)	(68,237)	(349,324)	-
Interest paid	-	-	(61,871)	(61,871)	-
Net cash provided (used) by capital and related financing activities	(10,000)	(855,745)	170,184	(695,561)	(487,787)
Cash flows from investing activities:					
Interest income on investments	3,650	19,655	4,118	27,423	32,318
Net cash provided (used) by investing activities	3,650	19,655	4,118	27,423	32,318
Net increase (decrease) in cash and cash equivalents	(585,759)	(597,319)	(168,329)	(1,351,407)	(217,282)
Cash and cash equivalents, beginning of year	629,957	673,981	211,596	1,515,534	1,117,038
Cash and cash equivalents, end of year	\$ 44,198	\$ 76,662	\$ 43,267	\$ 164,127	\$ 899,756
Reconciliation of total operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (37,621)	\$ (2,261,033)	\$ (570,909)	\$ (2,869,563)	\$ (4,026)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	176,324	816,345	391,355	1,384,024	237,393
Changes in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable, net	21,597	18,114	(100,920)	(63,209)	924
Due from other governments	-	-	-	-	-
Prepaid expenses	-	2,941	(26,030)	(23,089)	-
Inventories	-	-	-	-	2,503
Due from other funds	-	-	-	-	-
Increase (decrease) in liabilities:					
Accounts payable	10,291	3,479	53,873	67,643	(3,807)
Due to other funds	-	-	-	-	-
Net cash provided (used) by operating activities	\$ 170,591	\$ (1,422,154)	\$ (252,631)	\$ (1,504,194)	\$ 233,187
Supplemental disclosures:					
Contributed capital from federal / state grants	\$ -	\$ -	\$ 166,092	\$ 166,092	\$ -
Total contributed capital	\$ -	\$ -	\$ 166,092	\$ 166,092	\$ -

TOOELE COUNTY
Statement of Fiduciary Net Assets
Agency Funds
December 31, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and investments	\$ 8,877,741
Accounts receivable	6,238
Taxes receivable	1,676,681
Due from other funds	<u>-</u>
Total assets	<u>\$ 10,560,660</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 168,393
Due to other governmental units	8,974,174
Court and other trust deposits	1,418,093
Due to other funds	<u>-</u>
Total liabilities	<u>\$ 10,560,660</u>

TOOELE COUNTY

Notes to Financial Statements

1. REPORTING ENTITY AND ITS GOVERNMENT ACTIVITY

Tooele County (State of Utah) (the County) was organized on January 31, 1850, under a commission form of government. The County has a total land area of 6,923 square miles and a population of approximately 40,000 residents. The County's major operations include public safety (police and fire), highways and roads, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services. The County's fiscal authority includes responsibility for final approval over budgeting appropriations, for funding deficits and operating deficiencies, disposal of surplus funds, control over the collection and disbursement of funds, and maintenance of title to assets. The financial statements include the various departments, agencies, and other organizational units governed by the County Commission.

Discrete Component Unit - The financial statements include a component unit (Tooele County Recreation Special Service District). The component unit included in this report was selected using positive criteria as defined by the Governmental Accounting Standards Board. The component unit was included due to the County's ability to significantly influence operations, fiscal accountability, and the scope of public service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Tooele County is presented to assist in understanding the County's financial statements. The financial statements and notes are representations of County officials who are responsible for their integrity and objectivity. The accounting policies of Tooele County conform to accounting principles generally accepted in the United States of America as applicable to governments and have been consistently applied in the preparation of the financial statements.

Government-Wide and Fund Financial Statements

The *government-wide financial statements* (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The *fund financial statements* provide information about the County's funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major, individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

TOOELE COUNTY
Notes to Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (continued)

The County reports the following funds:

Governmental Fund Types - These are the funds through which most governmental functions typically are financed. The acquisition, use, and balances of the County's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The funds included in this category are as follows:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources covering the general services that the County performs for its citizens, except those required to be accounted for in other funds. This fund includes activities of the Payroll Fund.

Special Revenue Funds - These funds are established for the purpose of specific sources other than special assessments, trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The Debt Service Fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt, other than those payable from Enterprise Funds.

Capital Projects Funds - Capital Projects Funds are used to account for costs of construction and related funding sources other than those financed by proprietary funds and trust funds. Capital improvements are authorized by capital budget ordinances. Projects are funded by General Obligation bonds, Lease Revenue bonds, pay-as-you-go appropriations, and participation by developers, property owners, the State of Utah, and the Federal Government.

Proprietary Fund Types - Proprietary Funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the Enterprise Funds and the Internal Service Funds.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Enterprise Funds include the Solid Waste Management Facility, Deseret Peak, and the Airport.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis. The County has an Internal Equipment Service Fund and a Central Stores Fund that are operated in this manner.

Fiduciary Fund Types - These funds account for assets held by the County as a trustee or agent for individuals, private organizations, and other units of governments. These funds are as follows:

Agency Funds - Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The Auditor's Trust is used to collect and disburse funds for various governmental entities. The Treasurer's Trust is used to collect and disburse the taxing funds to the taxing entities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *government-wide, proprietary fund, and fiduciary fund financial statements* are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the County receives value without directly giving equal value in exchange, include property taxes, grants, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the County are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

TOOELE COUNTY
Notes to Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Tooele County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items (licenses and permits, charges for services, fines and forfeitures, etc.) are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, the County applies all Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, except those that conflict with or contradict GASB pronouncements. Those FASB statements and interpretations issued subsequent to November 30, 1989, are not applied.

Budget and Budgetary Accounting

Budgets for the General and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are prepared and adopted by the County Commission on or before December 15, for the fiscal year commencing the following January 1, in accordance with State law. The operation budget includes proposed expenditures and the proposed sources of financing for such expenditures. Prior to December 15, a public hearing is conducted to obtain taxpayer input. Budgets are adopted and control of budget appropriations is exercised, under State law, at the department level. Budget amendments are required to increase expenditure budgets. The budgets presented in the financial statements are as amended as of December 20, 2005.

The General Fund budget is prepared using the modified accrual basis of accounting. Budgets for the Special Revenue Funds and Capital Projects Funds are also prepared using the modified accrual basis of accounting. Budgets for the Proprietary Fund types are prepared using the accrual basis of accounting, except that depreciation for all Proprietary Fund types was not budgeted.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments with original maturities to the County of 90 days or less.

Investments

Investments are stated at cost or amortized cost, which approximates market.

Short-Term Interfund Receivables/Payables

During the course of operations, transactions occur that result in amounts owed to a particular fund by another fund, other than for goods provided or services rendered. These receivables and payables are due within a year and are classified as "due from or to other funds" on the balance sheet.

Inventories

Inventories of the Internal Service Funds (Central Stores Fund) and of the Special Revenue Funds (Aging and Adult Services Fund) are stated at cost on the first-in, first-out basis.

TOOELE COUNTY
Notes to Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs, gutters, streets, sidewalks, drainage systems, lighting systems, and similar items) are reported in the applicable governmental or business-type columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets, including interest costs during construction, are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the balance sheets. Depreciation has been provided using the straight-line method of depreciation over the following estimated useful lives:

Buildings	40 years
Improvements other than buildings	10-20 years
Machinery and equipment	7 years
Automobiles and trucks	3-7 years
Office furniture and equipment	3-5 years

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, other governments, or other funds.

Compensated Absences

For governmental funds, amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated unpaid vacation pay of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay, which does not vest, is recorded as an expense in all funds when leave is taken.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the government to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

TOOELE COUNTY
Notes to Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the County's financial position and operation. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Concentration of Credit Risk

The County received about 25% of its governmental fund revenue from mitigation fees amounting to \$13,318,600. The mitigation fees are received from three sources, and accounts receivable at December 31, 2005 from these sources totaled \$0.

Capital Leases

The County has acquired certain assets under leases that are required by accounting principles generally accepted in the United States of America to be accounted for as capital leases. A capital lease is a lease that results in the lessee (the County) obtaining financing for the purchase of the leased assets. The present value of the lease payments, at inception of the leases, is recorded as a liability (see Note 8). This liability is reduced each year by the portion of lease payments representing principal, not interest. The cost of leased assets in the Enterprise Fund is amortized over the life of the assets and the amortization expense is included with depreciation expense.

3. CASH AND CASH EQUIVALENTS

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

Tooele County follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the County's funds in a qualified depository. The Act defines qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and that has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. At December 31, 2005, \$9,099,463 of the County's bank balances was uninsured and uncollateralized. The market value is equivalent to the below stated carrying amount.

The County maintains a cash and investment pool that is available for use by all funds. In addition, investments are separately held by several of the County's funds.

Cash deposits are carried at cost plus accrued interest. The carrying amount of deposits is displayed on the balance sheet as "Cash and investments." Utah State statutes do not require deposits to be collateralized; however, financial institutions must be approved by the State Money Management Council.

Cash and cash equivalents, including Agency Fund Accounts

	Carrying Amount	Bank Balance
Cash on hand	\$ 6,375	\$
Deposits - insured (FDIC)	213,929	213,929
Deposits - uninsured and uncollateralized	6,866,356	9,099,463
Total cash and deposits	7,086,660	9,313,392
Utah Public Treasurer's Investment Fund	28,134,224	28,071,124
Total cash and investments	<u>\$ 35,220,884</u>	<u>\$ 37,384,516</u>

Restricted cash amounting to \$3,257,836 is included in total cash and investments.

TOOELE COUNTY
Notes to Financial Statements (Continued)

4. INVESTMENTS

The Money Management Act defines the types of securities authorized as appropriate investments for the County and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the County to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poor's; bankers' acceptances; obligations of the U.S. Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund. All investments held by the County at December 31, 2005 comply with the provisions of the Act.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses - net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of December 31, 2005, the County had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1-5	6-10	More than 10
Utah Public Treasurers Investment Fund	\$ 28,134,224	\$28,134,224	\$ -	\$ -	\$ -
Utah Public Treasurers Investment Fund	171,646	171,646	-	-	-
Certificates of Deposit	383,416	383,416	-	-	-
Investment Sweep	5,947,486	5,947,486	-	-	-
Total Investments	\$ 34,636,772	\$34,636,772	\$ -	\$ -	\$ -

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

TOOELE COUNTY
Notes to Financial Statements (Continued)

4. INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

As of December 31, 2005, the County had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Utah Public Treasurers Investment Fund	\$ 28,134,224	\$ -	\$ -	\$ -	\$ 28,134,224
Utah Public Treasurers Investment Fund	171,648	-	-	-	171,648
Certificates of Deposit	383,416	-	210,000	173,416	-
Investment Sweep	5,947,486	-	-	5,947,486	-
Total Investments	\$ 34,636,772	\$ -	\$ 210,000	\$ 6,120,902	\$ 28,305,870

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at December 31, 2005, were as follows:

	Interfund Receivables	Interfund Payables
General fund	\$ -	\$ -
Payroll fund	-	-
Special revenue fund:		
Public health	-	-
Human services	-	-
Road maintenance	-	-
Municipal services	-	-
Aging & adult services	-	-
Transient room tax	-	-
Debt service	-	-
Capital projects	-	-
Proprietary funds:		
Enterprise funds:		
Solid waste management	-	-
Deseret Peak	-	-
Airport	-	-
Internal service funds:		
Intragovernmental service equipment	-	-
Central stores	-	-
Fiduciary funds:		
Agency funds:		
Auditor's trust	-	-
Treasurer's trust	-	-
Total interfund activity	\$ -	\$ -

TOOELE COUNTY
Notes to Financial Statements (Continued)

6. ACCOUNTS RECEIVABLE

Accounts receivable, net of allowance for estimated uncollectible amounts consist of the following at December 31, 2005:

	Proprietary Funds			Fiduciary Funds	
	Gen./Special Revenue, and Capital Projects Funds	Solid Waste, Deseret Peak, and Airport Enterprise Funds	Internal Services	Agency - Auditor's Trust and Treasurer's Trust	Total
Accounts receivable	\$ 269,897	\$ 345,668	\$ -	\$ 6,238	\$ 621,803
Less allowance for uncollectible amounts	-	13,326	-	-	13,326
Net accounts receivable	<u>\$ 269,897</u>	<u>\$ 332,342</u>	<u>\$ -</u>	<u>\$ 6,238</u>	<u>\$ 608,477</u>

7. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 15 of the year following levy. Taxes are levied in early fall and are payable by November 30th. The County bills and collects its own property taxes and also taxes for the State of Utah, cities, towns, school districts, and water conservancy districts. Collections of the county taxes and remittance of them to the Districts are accounted for in the Treasurer's Tax Fund. County property tax revenues are recognized when levied to the extent that they result in a current receivable. The collection of 2005 property taxes, including delinquent collections, have been apportioned by the County Treasurer and included as 2005 revenues in this report.

The portion invested and not turned over to the County funds has been set up as property taxes receivable on the governmental funds balance sheets at December 31, 2005. This amounted to \$74,081 at December 31, 2005 for the General Fund.

8. CAPITAL ASSETS

Changes in governmental capital assets are comprised of the following:

	Balance December 31, 2004	Additions	Deletions & Transfers	Balance December 31, 2005
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,362,268	\$ 100,300	\$ -	\$ 3,462,568
Infrastructure	38,108,360	-	-	38,108,360
Total capital assets, not being depreciated	<u>41,470,628</u>	<u>100,300</u>	<u>-</u>	<u>41,570,928</u>
Capital assets, being depreciated:				
Buildings and improvements	13,364,098	-	-	13,364,098
Water rights	-	-	-	-
Construction in progress	-	39,000	-	39,000
Furniture, fixtures, and equipment	8,735,669	2,335,324	598,967	10,472,026
Total capital assets, being depreciated	<u>22,099,767</u>	<u>2,374,324</u>	<u>598,967</u>	<u>23,875,124</u>
Accumulated depreciation for:				
Buildings and improvements	7,572,189	334,102	-	7,906,271
Water rights	-	-	-	-
Furniture, fixtures, and equipment	7,584,956	1,387,133	597,434	8,374,655
Total accumulated depreciation	<u>15,157,125</u>	<u>1,721,235</u>	<u>597,434</u>	<u>16,280,928</u>
Total capital assets, being depreciated, net	<u>6,942,642</u>	<u>653,089</u>	<u>1,533</u>	<u>7,594,196</u>
Governmental activities capital assets, net	<u>\$48,413,270</u>	<u>\$ 753,389</u>	<u>\$ 1,533</u>	<u>\$ 49,165,126</u>

TOOELE COUNTY
Notes to Financial Statements (Continued)

8. CAPITAL ASSETS (Continued)

Changes in business-type capital assets are comprised of the following:

	Balance December 31, 2004	Additions	Deletions & Transfers	Balance December 31, 2005
Business-type activities:				
Land	\$ 459,295	\$ -	\$ -	\$ 459,295
Buildings and improvements	27,042,481	-	-	27,042,481
Construction in progress	318,538	532,240	-	850,778
Furniture, fixtures, and equipment	2,898,421	143,218	(9,822)	3,031,817
Total capital assets, being depreciated	30,718,735	675,458	(9,822)	31,384,371
Less accumulated depreciation	7,785,636	1,384,024	9,822	9,159,838
Business-type activities capital assets, net	<u>\$22,933,099</u>	<u>\$ (708,566)</u>	<u>\$ (19,644)</u>	<u>\$ 22,224,533</u>

For the year ended December 31, 2005, depreciation expense was charged to functions of the County as follows:

Governmental activities:	
General government	\$ 362,984
Tourism and promotion	13,378
Public safety	361,419
Public health	193,310
Highways and public improvements	101,710
Parks and recreation	30,359
Conservation and economic development	1,185
Capital projects	43,647
Other administrative	15,809
Total depreciation expense, governmental activities	<u>\$ 1,123,801</u>
Business-type activities:	
Solid waste	\$ 176,324
Deseret Peak	816,345
Airport	391,355
Total depreciation expense, business-type activities	<u>\$ 1,384,024</u>

9. LONG-TERM DEBT

Long-term liability activity for the year ended December 31, 2005 is as follows:

	Balance December 31, 2004	Additions	Retirements	Balance December 31, 2005	Due Within One Year
Governmental activities:					
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Lease revenue bonds	1,045,000	-	137,000	908,000	141,000
Sales tax revenue bonds	-	2,645,000	-	2,645,000	100,000
Total governmental long-term liabilities	<u>\$ 1,045,000</u>	<u>\$ 2,645,000</u>	<u>\$ 137,000</u>	<u>\$ 3,553,000</u>	<u>\$ 241,000</u>

TOOELE COUNTY
Notes to Financial Statements (Continued)

9. LONG-TERM DEBT (Continued)

Business-type activities:

Enterprise fund lease revenue bonds	\$ 975,000	\$ -	\$ 45,000	\$ 930,000	\$ 50,000
Enterprise fund lease revenue bonds	467,545	-	5,879	461,666	6,139
Enterprise fund lease revenue bonds	238,271	-	14,802	223,469	15,600
Enterprise fund sales tax revenue bonds	662,000	-	36,000	626,000	37,000
Enterprise fund sales tax revenue bonds	936,000	-	43,000	893,000	45,000
Note payable	166,315	-	166,315	-	-
Capital lease obligations	111,843	-	35,772	76,071	37,260
Total business-type long-term liabilities	<u>3,556,974</u>	<u>-</u>	<u>346,768</u>	<u>3,210,208</u>	<u>190,999</u>
Total long-term debt	<u>\$ 4,601,974</u>	<u>\$ 2,645,000</u>	<u>\$ 483,768</u>	<u>\$ 6,763,206</u>	<u>\$ 431,999</u>

Long-term debt at December 31, 2005, is comprised of the following:

\$2,500,000 lease revenue bond, Series 1989, due in annual installments ranging from \$68,958 (principal only) to \$163,000 (principal only) in 2011, with interest at 3.00%	\$ 908,000
\$2,645,000 sales tax revenue bond, Series 2005, due in annual installments ranging from \$149,976 (including principal and interest) to \$205,000 (including principal and interest) in 2024, with interest at 3.25% to 5.00%	2,645,000
\$1,200,000 lease revenue bond, Series 1998, due in annual installments ranging from \$30,000 (principal only) to \$100,000 (principal only) in 2018, with interest at 6.00%	930,000
\$500,000 lease revenue bond, Series 1998 B, due in annual installments ranging from \$4,403 (principal only) to \$26,716 (principal only) in 2038, with interest at 4.75%	461,666
Preliminary advance on \$331,800 lease revenue bond, Series 1998C, due in annual installments ranging from \$10,027 (principal only) to \$25,135 (principal only) in 2018, with interest at 4.75%	223,469
\$700,000 sales tax revenue bond, Series 2003 A, due in annual installments ranging from \$47,094 (including principal and interest) to \$48,058 (including principal and interest) in 2020, with interest at 1.70%	626,000
\$978,000 sales tax revenue bond, Series 2003 B, due in semi-annual installments ranging from \$12,141 (interest only) to \$78,463 (including principal and interest) in 2020, with interest at 2.35% to 4.50%	893,000
\$484,028 note payable, due in annual installments ranging from \$170,823 (including principal and interest) to \$171,220 (including principal and interest) in 2005, with interest at 2.91%	-
Total long-term debt	<u>\$ 6,687,135</u>

TOOELE COUNTY
Notes to Financial Statements (Continued)

9. LONG-TERM DEBT (Continued)

Requirements to amortize long-term debt are as follows:

Jail Facility Lease Revenue Bonds

Year	Principal Amount
2006	\$ 141,000
2007	145,000
2008	149,000
2009	154,000
2010	158,000
Thereafter	<u>161,000</u>
	<u>\$ 908,000</u>

Airport Lease Revenue Bonds

Year	Principal Amount
2006	\$ 50,000
2007	50,000
2008	55,000
2009	60,000
2010	60,000
Thereafter	<u>655,000</u>
	<u>\$ 930,000</u>

Airport Lease Revenue Bonds

Year	Principal Amount
2006	\$ 6,139
2007	6,437
2008	6,750
2009	7,078
2010	7,422
Thereafter	<u>427,840</u>
	<u>\$ 461,666</u>

TOOELE COUNTY
Notes to Financial Statements (Continued)

9. LONG-TERM DEBT (Continued)

Tooele County Airport Revenue Bond

Year	Principal Amount
2006	\$ 15,800
2007	16,352
2008	17,142
2009	17,969
2010	18,836
Thereafter	137,570
	<u>\$ 223,469</u>

2003A Sales Tax Revenue Bond

Year	Principal Amount
2006	\$ 37,000
2007	38,000
2008	38,000
2009	39,000
2010	40,000
Thereafter	434,000
	<u>\$ 628,000</u>

2003B Sales Tax Revenue Bond

Year	Principal Amount
2006	\$ 45,000
2007	46,000
2008	48,000
2009	50,000
2010	52,000
Thereafter	652,000
	<u>\$ 893,000</u>

2005 Sales Tax Revenue Bond

Year	Principal Amount
2006	\$ 100,000
2007	100,000
2008	100,000
2009	110,000
2010	115,000
Thereafter	2,120,000
	<u>\$ 2,645,000</u>

TOOELE COUNTY
Notes to Financial Statements (Continued)

9. LONG-TERM DEBT (Continued)

Obligations under Capital Leases

The County has entered into two lease agreements for heavy equipment. These agreements are cancelable by the County, should the funds not be budgeted by the County to cover the annual lease payments. The related assets and liabilities are carried in the Solid Waste Enterprise Fund (Komatsu lease) and the Deseret Peak Enterprise Fund (Caterpillar lease). These lease agreements have been recorded as capital leases since the leases are not expected to be canceled. Future minimum lease payments are as follows at December 31, 2005:

	Enterprise Funds
Equipment cost	\$ 456,014
Accumulated amortization	<u>(365,067)</u>
Net book value	<u>\$ 90,947</u>
Future minimum lease payments - payable in the years ending December 31:	
2006	\$ 38,992
2007	<u>38,993</u>
Total	77,985
Less amount representing interest	<u>1,914</u>
Present value of net minimum lease payments	<u>\$ 76,071</u>

10. PENSION PLANS

Tooele County - Local Governmental - Cost Sharing Defined Benefit Pension Plans

Plan Description: Tooele County contributes to the Local Governmental Contributory Retirement System and the Local Governmental Noncontributory Retirement System, the Public Safety Retirement System for employers with/without Social Security coverage, and the Firefighters Retirement System for employers with/without Social Security coverage, all of which are cost-sharing multiple employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

TOOELE COUNTY
Notes to Financial Statements (Continued)

10. PENSION PLANS (Continued)

Tooele County - Local Governmental - Cost Sharing Defined Benefit Pension Plans (Continued)

Funding policy: Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee), and Tooele County is required to contribute 7.08% for the six months January 2005 - June 2005 and 7.08% for the six months July 2005 - December 2005 of their annual covered salary. In the Local Governmental Noncontributory Retirement System, Tooele County is required to contribute 11.09% for the six months January 2005 - June 2005 and 11.09% for the six months July 2005 - December 2005 of their annual covered salary. In the Public Safety Retirement System, Tooele County is required to contribute 19.08% for the six months January 2005 - June 2005 and 19.34% for the six months July 2005 - December 2005 of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Tooele County contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2005, 2004, and 2003 were \$18,699, \$17,033, and \$14,782, respectively. Noncontributory Retirement System contributions for the years ending December 31, 2005, 2004, and 2003 were \$806,344, \$719,868, and \$605,681, respectively. For the Public Safety Retirement System, the contributions for the years ending December 31, 2005, 2004, and 2003 were \$388,757, \$341,222, and \$272,752, respectively. The contributions were equal to the required contributions for each year.

Tooele County participates in a Section 457 Deferred Compensation Plan and a 401(k) Deferred Compensation Plan. The accumulated amount of the employees deferred compensation contributed for the years ending December 31, 2005, 2004, and 2003 were \$59,690 and \$353,954, \$58,973 and \$348,436, and \$57,519 and \$308,574, respectively. The assets of the Section 457 Deferred Compensation Plan are trust funds held in trust for the exclusive benefit of the participants or their beneficiaries rather than the assets of the employer.

11. COMMITMENTS AND CONTINGENCIES

Insurance - Retired Employees

The County will allow a retiree credit to continue enrollment in the County's group insurance program, one year for each five years of full-time employment with the County until the retiree reaches age 65. The projected cost of this program cannot be reasonably estimated at this time.

Litigation

There are several cases against the County that are currently being handled by their insurance carrier, and should not have a material affect upon Tooele County's financial statements.

12. RESERVATION AND DESIGNATION OF FUND BALANCES

The County has classified as reserved fund balance amounts applicable to Debt Service, workers compensation and early retirement, and prepaid expenses in relation to their specific purposes or designations for use. Such items are not available as net current assets for other general purposes.

REQUIRED SUPPLEMENTARY INFORMATION

TOOELE COUNTY

Condition and Ratings for the County's Road System For the Year Ended December 31, 2005

As allowed by GASB Statement 34, Tooele County has adopted the modified approach for reporting, where infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The County capitalizes costs related to new construction or major replacements under the modified approach.

Tooele County's entire Asphalt Pavement road network is 276.4 centerline miles of road, or approximately 3.7 million square yards. The purpose of this report is to document how Tooele County has met all the requirements of the modified approach including:

1. Keeping a current inventory of assets.
2. Doing a condition assessment at least once every three years based on an industry standard or measurement scale, and
3. Estimating the annual amount required to maintain and preserve the asset at or above an established level of service.

Tooele County has a program in place to track and manage the Asphalt Pavement road network. This information is updated on a regular basis. The inventory information maintained by the County includes road names, to and from roads, length, width, functional class, and importance.

The road department does a condition assessment of the entire road network every 3 years. Asphalt pavement distresses are identified and the condition of the road is recorded. The pavement distress identification process is based on the Distress Identification Manual for Long-Term Pavement Performance Projects (SHRP Distress Manual) published by the Strategic Highway Research Program (SHRP), which is the research arm of the Federal Highway Administration.

According to the SHRP Distress Manual, "The Distress Identification Manual for Long-Term Pavement Performance Projects was developed to provide a consistent, uniform basis for collecting distress data for the Long-Term Pavement Performance (LTPP) Program." The manual defines each type of pavement distress including specific distress severity levels. Using this information, Tooele County can determine the condition of each road and give each road a Remaining Service Life (RSL) value.

The years of service that exist in a road without accounting for potential treatments is referred to as remaining service life (RSL). Remaining service life is the value that can be used to express how many years this road will last if there are no treatments applied.

TOOELE COUNTY

Condition and Ratings for the County's Road System For the Year Ended December 31, 2005

Using the condition information, the County categorizes its roads into Excellent, Good, Fair, and Poor condition. Excellent roads have low severity distresses, require little or no maintenance, and have an RSL of 17-20. Good roads have medium severity distresses, can be preserved for an extended period of time with a surface treatment, and have an RSL of 9-16. Fair roads require rehabilitation such as thick overlay and have an RSL of 5-8. Poor roads require reconstruction and have an RSL of 0-4. The distribution of Tooele County's paved roads is listed below.

<u>Category</u>	<u>RSL</u>	<u>Percentage of Roads</u>
Excellent	17 to 20	4.32%
Good	9 to 16	50.57%
Fair	5 to 8	29.50%
Poor	0 to 4	15.61%

The service level that will be maintained by the County is an RSL of 8 (the average being Good condition), with less than 10% in the Poor condition category.

There are 832 miles of gravel roads and 237 miles of dirt roads in Tooele County. These roads are maintained so that a passenger car can travel these roads under dry conditions.

SUPPLEMENTARY INFORMATION

TOOELE COUNTY

Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2005

Special Revenue Funds

Public Health	Road Maintenance	Aging and Adult Services	Transient Room Tax	Debt Service	Total
\$ 1,258,104	\$ 646,018	\$ 387	\$ 678,187	\$ 280,067	\$ 2,862,763
-	-	381	-	-	381
-	35,017	67,803	-	-	102,820
-	-	-	-	-	-
-	-	-	-	-	-
5,939	-	2,215	-	-	8,154
\$ 1,264,043	\$ 681,035	\$ 70,786	\$ 678,187	\$ 280,067	\$ 2,974,118

ASSETS

Assets:
Cash and investments
Accounts receivable
Due from other governmental units
Due from other funds
Inventory
Prepaid expenses
Total assets

40

LIABILITIES AND FUND EQUITY

Liabilities:
Accounts payable
Due to other funds
Deferred revenue
Total liabilities

Fund equity:
Fund balances:
Reserved
Unreserved
Total fund equity
Total liabilities and fund equity

\$ 30,578	\$ 66,940	\$ 31,383	\$ 7,810	\$ -	\$ 136,711
-	-	-	-	-	-
139,531	-	-	-	-	139,531
170,109	66,940	31,383	7,810	-	276,242
5,939	-	2,215	-	280,067	288,221
1,087,995	614,095	37,188	670,377	-	2,409,655
1,093,934	614,095	39,403	670,377	280,067	2,697,876
\$ 1,264,043	\$ 681,035	\$ 70,786	\$ 678,187	\$ 280,067	\$ 2,974,118

TOOELE COUNTY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-Major Governmental Funds For the Year Ended December 31, 2005

	Special Revenue Funds					
	Public Health	Road Maintenance	Aging and Adult Services	Transient Room Tax	Debt Service	Total
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 458,704	\$ -	\$ 458,704
Licenses and permits	-	10,000	-	-	-	10,000
Intergovernmental revenues	1,252,179	2,183,313	447,494	-	-	3,882,986
Charges for services	935,347	125,938	130,426	-	-	1,191,711
Interest on investments	31,194	-	-	17,523	67,093	115,810
Other	-	24,644	3,325	495	-	28,464
Total revenues	2,218,720	2,343,895	581,245	476,722	67,093	5,687,675
Expenditures:						
General government	-	-	-	-	-	-
Tourism & promotion	-	-	-	330,323	-	330,323
Public health & human services	2,197,679	-	1,144,744	-	-	3,342,423
Highways and public improvements	-	2,349,772	-	-	-	2,349,772
Capital projects	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	137,000	137,000
Interest and fiscal charges	-	-	-	-	31,910	31,910
Total expenditures	2,197,679	2,349,772	1,144,744	330,323	168,910	6,191,428
Excess (deficiency) of revenues over expenditures	21,041	(5,877)	(563,499)	146,399	(101,817)	(503,753)
Other financing resources:						
Bond issue proceeds	-	-	-	-	-	-
Operating transfers in	499,166	-	600,202	-	169,350	1,268,718
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	499,166	-	600,202	-	169,350	1,268,718
Excess (deficiency) of revenue and other sources over expenditures and other uses	520,207	(5,877)	36,703	146,399	67,533	764,965
Fund balance (deficit), beginning of year	573,727	619,972	2,700	523,978	212,534	1,932,911
Fund balance (deficit), end of year	\$ 1,093,934	\$ 614,095	\$ 39,403	\$ 670,377	\$ 280,067	\$ 2,687,876

TOOELE COUNTY

Individual Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual -- General Fund
(Minus the Payroll account)
For the Year Ended December 31, 2005

	General		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 4,170,000	\$ 4,020,320	\$ (149,680)
Licenses and permits	12,500	12,250	(250)
Intergovernmental revenues	7,780,162	7,448,069	(332,093)
Charges for services	1,259,729	1,252,237	(7,492)
Fines and forfeitures	745,000	695,535	(49,465)
Interest on investments	436,000	435,656	(344)
Mitigation fees	13,367,000	13,318,600	(48,400)
Other	376,000	326,767	(49,233)
Total revenues	<u>28,146,391</u>	<u>27,509,434</u>	<u>(636,957)</u>
Expenditures:			
General government	6,556,291	6,116,148	440,143
Public safety	10,589,987	8,923,939	1,666,048
Highways and public improvements	185,622	161,580	24,042
Parks and recreation	765,903	749,606	16,297
Conservation and economic development	42,000	29,268	12,732
Other administrative	411,000	390,349	20,651
Total expenditures	<u>18,550,803</u>	<u>16,370,890</u>	<u>2,179,913</u>
Excess (deficiency) of revenues over expenditures	<u>9,595,588</u>	<u>11,138,544</u>	<u>1,542,956</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(4,106,452)	(7,437,146)	(3,330,694)
Total other financing sources (uses)	<u>(4,106,452)</u>	<u>(7,437,146)</u>	<u>(3,330,694)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>5,489,136</u>	<u>3,701,398</u>	<u>(1,787,738)</u>
Fund balance, beginning of year	<u>10,357,195</u>	<u>10,357,195</u>	<u>-</u>
Fund balance, end of year	<u>\$15,846,331</u>	<u>\$14,058,593</u>	<u>\$ (1,787,738)</u>

TOOELE COUNTY

Individual Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual – Payroll Fund
For the Year Ended December 31, 2005

	Payroll		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenues	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest on investments	-	-	-
Mitigation fees	-	-	-
Other	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and public improvements	-	-	-
Parks and recreation	-	-	-
Conservation and economic development	-	-	-
Other administrative	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Operating transfers in	-	252,256	252,256
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>252,256</u>	<u>252,256</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>252,256</u>	<u>252,256</u>
Fund balance, beginning of year	<u>1,755,793</u>	<u>1,755,793</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,755,793</u>	<u>\$ 2,008,049</u>	<u>\$ 252,256</u>

TOOELE COUNTY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Funds
For the Year Ended December 31, 2005

	Human Services			Public Health			Road Maintenance		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	9,500	10,000	500
Intergovernmental revenues	1,792,100	1,787,652	(4,448)	984,972	1,252,179	267,207	2,355,000	2,183,313	(171,687)
Charges for services	-	-	-	651,330	935,347	284,017	-	125,938	125,938
Interest on investments	19,500	19,388	(112)	-	31,194	31,194	-	-	-
Other	-	-	-	160,572	-	(160,572)	1,500	24,844	23,144
Total revenues	1,811,600	1,807,040	(4,560)	1,796,874	2,218,720	421,846	2,366,000	2,343,895	(22,105)
Expenditures:									
General government	-	-	-	-	-	-	-	-	-
Tourism and promotion	-	-	-	-	-	-	-	-	-
Public health and human services	1,999,600	1,430,662	568,938	2,221,491	2,197,679	23,812	-	-	-
Highways and public improvements	-	-	-	-	-	-	2,619,312	2,349,772	269,540
Total expenditures	1,999,600	1,430,662	568,938	2,221,491	2,197,679	23,812	2,619,312	2,349,772	269,540
Excess (deficiency) of revenues over expenditures	(188,000)	376,378	564,378	(424,617)	21,041	445,658	(253,312)	(5,877)	247,435
Other financing sources:									
Operating transfers in	188,000	188,000	-	439,900	499,166	59,266	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	188,000	188,000	-	439,900	499,166	59,266	-	-	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	-	564,378	564,378	15,283	520,207	504,924	(253,312)	(5,877)	247,435
Fund balance (deficit), beginning of year	227,689	227,689	-	573,727	573,727	-	619,972	619,972	-
Fund balance (deficit), end of year	\$ 227,689	\$ 792,067	\$ 564,378	\$ 589,010	\$ 1,093,934	\$ 504,924	\$ 366,660	\$ 614,095	\$ 247,435

TOOELE COUNTY
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued)
Special Revenue Funds
For the Year Ended December 31, 2005

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued)

Special Revenue Funds

For the Year Ended December 31, 2005

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TOOELE COUNTY

Individual Fund Statement of Revenues, Expenditures, and Changes in Fund Balance -- Budget and Actual -- Debt Service Fund For the Year Ended December 31, 2005

	Debt Service		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 1,100	\$ -	\$ (1,100)
Licenses and permits	-	-	-
Intergovernmental revenues	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest on investments	1,100	67,093	65,993
Mitigation fees	-	-	-
Other	-	-	-
Total revenues	<u>2,200</u>	<u>67,093</u>	<u>64,893</u>
Expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and public improvements	-	-	-
Parks and recreation	-	-	-
Conservation and economic development	-	-	-
Other administrative	2,000	-	2,000
Debt service:			
Principal retirement	137,000	137,000	-
Interest and fiscal charges	<u>86,350</u>	<u>31,910</u>	<u>54,440</u>
Total expenditures	<u>225,350</u>	<u>168,910</u>	<u>56,440</u>
Excess (deficiency) of revenues over expenditures	<u>(223,150)</u>	<u>(101,817)</u>	<u>121,333</u>
Other financing sources (uses):			
Operating transfers in	225,350	169,350	56,000
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>225,350</u>	<u>169,350</u>	<u>56,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>2,200</u>	<u>67,533</u>	<u>177,333</u>
Fund balance, beginning of year	<u>212,534</u>	<u>212,534</u>	<u>-</u>
Fund balance, end of year	<u>\$ 214,734</u>	<u>\$ 280,067</u>	<u>\$ 177,333</u>

TOOELE COUNTY

Individual Fund Statement of Revenues, Expenditures, and Changes in Fund Balance -- Budget and Actual -- Capital Projects Fund For the Year Ended December 31, 2005

	Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenues	78,632	1,177,942	1,099,310
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest on investments	-	10,860	10,860
Mitigation fees	-	-	-
Other	-	-	-
Total revenues	<u>78,632</u>	<u>1,188,802</u>	<u>1,110,170</u>
Expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and public improvements	-	-	-
Parks and recreation	-	-	-
Conservation and economic development	-	-	-
Capital projects	1,930,000	1,077,699	852,301
Other administrative	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	131,338	(131,338)
Total expenditures	<u>1,930,000</u>	<u>1,209,037</u>	<u>720,963</u>
Excess (deficiency) of revenues over expenditures	<u>(1,851,368)</u>	<u>(20,235)</u>	<u>1,831,133</u>
Other financing sources (uses):			
Bond issue proceeds	-	2,707,680	2,707,680
Operating transfers in	1,705,000	1,761,000	56,000
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>1,705,000</u>	<u>4,468,680</u>	<u>2,763,680</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(146,368)</u>	<u>4,448,445</u>	<u>4,594,813</u>
Fund balance, beginning of year	<u>610,852</u>	<u>610,852</u>	<u>-</u>
Fund balance, end of year	<u>\$ 464,484</u>	<u>\$ 5,059,297</u>	<u>\$ 4,594,813</u>

TOOELE COUNTY**Combining Statement of Net Assets
Internal Service Funds
December 31, 2005**

	Intragovernmental Service Equipment	Central Stores	Total
<u>ASSETS</u>			
Assets:			
Cash and investments	\$ 898,585	\$ 1,171	\$ 899,756
Accounts receivable, net	-	-	-
Due from other funds	-	-	-
Inventories	-	10,218	10,218
Property, plant, and equipment, net	616,158	-	616,158
Total assets	\$ 1,514,743	\$ 11,389	\$ 1,526,132
<u>LIABILITIES</u>			
Liabilities:			
Accounts payable	\$ -	\$ 3,417	\$ 3,417
Due to other funds	-	-	-
Total liabilities	\$ -	\$ 3,417	\$ 3,417
<u>NET ASSETS</u>			
Net assets:			
Invested in capital assets, net of related debt	\$ 616,158	\$ -	\$ 616,158
Unreserved	898,585	7,972	906,557
Total net assets	\$ 1,514,743	\$ 7,972	\$ 1,522,715

TOOELE COUNTY

Combining Statement of Revenues, Expenses, and Changes in Net Assets Internal Service Funds

For the Year Ended December 31, 2005

	Intragovernmental Service Equipment	Central Stores	Total
Operating revenues:			
Interfund lease payments	\$ 237,532	\$ -	\$ 237,532
Sale of supplies	-	72,261	72,261
Total operating revenues	<u>237,532</u>	<u>72,261</u>	<u>309,793</u>
Operating expenses:			
General and administrative	-	76,426	76,426
Depreciation	237,393	-	237,393
Total operating expenses	<u>237,393</u>	<u>76,426</u>	<u>313,819</u>
Operating income (loss)	<u>139</u>	<u>(4,165)</u>	<u>(4,026)</u>
Other financing sources:			
Operating transfers in	-	5,000	5,000
Total other financing sources	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Non-operating revenues:			
Interest on investments	32,197	121	32,318
Total non-operating revenues	<u>32,197</u>	<u>121</u>	<u>32,318</u>
Change in net assets	32,336	956	33,292
Net assets (liabilities), beginning of year	<u>1,482,407</u>	<u>7,016</u>	<u>1,489,423</u>
Net assets (liabilities), end of year	<u>\$ 1,514,743</u>	<u>\$ 7,972</u>	<u>\$ 1,522,715</u>

TOOELE COUNTY
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2005

	Intragovernmental Service Equipment	Central Stores	Total
Cash flows from operating activities:			
Receipts from interfund leases	\$ 238,456	\$ -	\$ 238,456
Receipts from sale of supplies	-	74,764	74,764
Payments for administration	-	(80,033)	(80,033)
Net cash provided (used) by operating activities	<u>238,456</u>	<u>(5,269)</u>	<u>233,187</u>
Cash flows from noncapital financing activities:			
Operating transfers in	-	5,000	5,000
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Cash flows from capital and related financing activities:			
Purchase/disposal of capital assets	(487,787)	-	(487,787)
Net cash provided (used) by capital and related financing activities	<u>(487,787)</u>	<u>-</u>	<u>(487,787)</u>
Cash flows from investing activities:			
Interest income on investments	32,197	121	32,318
Net cash provided (used) by investing activities	<u>32,197</u>	<u>121</u>	<u>32,318</u>
Net increase (decrease) in cash and cash equivalents	(217,134)	(148)	(217,282)
Cash and cash equivalents, beginning of year	1,115,719	1,319	1,117,038
Cash and cash equivalents, end of year	<u>\$ 898,585</u>	<u>\$ 1,171</u>	<u>\$ 899,756</u>
Reconciliation of total operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 139	\$ (4,165)	\$ (4,026)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	237,393	-	237,393
(Increase) decrease in operating assets:			
Accounts receivable, net	924	-	924
Prepaid expenses	-	-	-
Inventories	-	2,503	2,503
Due from other funds	-	-	-
Increase (decrease) in operating liabilities:			
Accounts payable	-	(3,607)	(3,607)
Due to other funds	-	-	-
Net cash provided (used) by operating activities	<u>238,456</u>	<u>(5,269)</u>	<u>233,187</u>

TOOELE COUNTY
Combining Statement of Changes in Assets and Liabilities -
All Agency Funds
For the Year Ended December 31, 2005

	Balance at beginning of the year	Additions	Deductions	Balance at end of the year
<u>AUDITOR'S TRUST</u>				
Assets:				
Cash and investments	\$ 1,675,379	\$ -	\$ 95,131	\$ 1,580,248
Accounts receivable	53,299	-	47,061	6,238
Due from other funds	-	-	-	-
Total assets	\$ 1,728,678	\$ -	\$ 142,192	\$ 1,586,486
Liabilities:				
Accounts payable	\$ 21,845	\$ 146,548	\$ -	\$ 168,393
Due to other governmental units	-	-	-	-
Court and other trust deposits	1,706,833	-	288,740	1,418,093
Total liabilities	\$ 1,728,678	\$ 146,548	\$ 288,740	\$ 1,586,486
<u>TREASURER'S TRUST</u>				
Assets:				
Cash and investments	\$ 8,719,591	\$ 27,841,183	\$ 29,263,282	\$ 7,297,493
Taxes receivable	1,856,477	-	179,796	1,676,681
Total assets	\$ 10,576,068	\$ 27,841,183	\$ 29,443,078	\$ 8,974,174
Liabilities:				
Due to other governmental units	\$ 10,576,068	\$ 27,841,183	\$ 29,443,078	\$ 8,974,174
Total liabilities	\$ 10,576,068	\$ 27,841,183	\$ 29,443,078	\$ 8,974,174
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 10,394,970	\$ 27,841,183	\$ 29,358,413	\$ 8,877,741
Accounts receivable	53,299	-	47,061	6,238
Taxes receivable	1,856,477	-	179,796	1,676,681
Due from other funds	-	-	-	-
Total assets	\$ 12,304,746	\$ 27,841,183	\$ 29,585,270	\$ 10,560,660
Liabilities:				
Accounts payable	\$ 21,845	\$ 146,548	\$ -	\$ 168,393
Due to other funds	-	-	-	-
Due to other governmental units	10,576,068	27,841,183	29,443,078	8,974,174
Court and other trust deposits	1,706,833	-	288,740	1,418,093
Total liabilities	\$ 12,304,746	\$ 27,987,731	\$ 29,731,818	\$ 10,560,660

TOOELE COUNTY
Combining Balance Sheet
Component Unit
December 31, 2005

Tooele County
Recreation
Special Service
District

ASSETS

Assets:

Cash and investments	\$ 45,432
Accounts receivable	-
Due from other governmental units	-

Total assets	\$ 45,432
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LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ 650
Total liabilities	650

Fund equity:

Fund balances:

Reserved	44,782
Unreserved	-

Total fund equity	44,782
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Total liabilities and fund equity	\$ 45,432
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TOOELE COUNTY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Component Unit

For the Year Ended December 31, 2005

Tooele County Recreation Special Service District

Revenues:

Mineral lease payment	\$ 16,476
Intergovernmental revenue	180,304
Hospital revenue	-
Interest on investments	-
Total revenues	<u>196,780</u>

Expenditures:

General government	1,867
Recreation support	-
Hospital support	-
Capital projects	205,968
Total expenditures	<u>207,835</u>

Excess (deficiency) of revenues over (under) expenditures

(11,055)

Other financing sources:

Operating transfers in	-
Total other financing sources	<u>-</u>

Excess (deficiency) of revenues and other sources over (under) expenditures and other uses

(11,055)

Fund balance, beginning of year	<u>55,837</u>
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Fund balance, end of year	<u>\$ 44,782</u>
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TOOELE COUNTY-

Total	\$ 10,208,428,355	\$ 1,470,152,075	\$ 1,470,152,075	\$ 857,006,276	\$ 857,006,276	\$ 20,574,439	\$ 1,659,779	\$ 22,235,218	\$ 1,602,104	\$ 401,635	\$ 401,635	\$ 862,787	\$ 1,840,949
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TOOELE COUNTY

Schedule of Taxable Values, Taxes Charged, and Taxes Collected (Continued)
For the Year Ended December 31, 2005

Taxing Unit	Taxes Collected	Collection Rate	Fee In Lieu	Misc. Collection	Delinquencies			Total
					Tax	Interest/ Penalty	Other Collections	
Tooele City	\$ 1,996,557	89.51%	\$ 398,537	\$ 34,997	\$ 179,409	\$ 19,869	\$ 633,812	\$ 2,630,369
Grantsville City	571,703	92.51%	126,135	9,398	38,185	2,097	175,815	747,518
Wendover City	147,467	89.23%	17,488	1,083	15,755	847	34,973	182,440
Stockton Town	46,307	85.76%	15,639	324	4,577	272	20,812	67,119
Vernon Town	4,693	90.97%	1,688	31	66	8	1,791	6,484
Lakepoint Improvement District	8,528	95.03%	1,393	204	214	20	1,831	10,359
Stansbury Park	24,883	95.87%	4,573	231	1,609	272	6,885	31,568
Ophir Town	549	97.51%	47	4	5	1	57	606
Rush Valley Town	13,888	94.45%	4,185	148	501	82	4,916	18,782
Tooele County General	1,454,114	91.56%	242,458	22,822	112,729	207,142	585,151	2,039,265
Tooele Valley Regional Medical Center	-	0.00%	-	-	-	-	-	-
Tooele County School District	2,772,816	91.55%	482,339	43,537	201,157	18,588	725,821	3,498,437
Tooele County Mosquito Abatement	232,253	85.37%	38,722	3,969	13,200	969	56,860	289,113
Stansbury Greenbelt	219,938	96.02%	41,795	1,140	6,978	398	50,309	270,247
Stansbury Recreation	275,235	95.85%	52,303	1,566	9,661	548	64,078	338,313
No. Tooele County Fire District	200,583	94.71%	21,625	3,091	8,273	842	33,831	234,414
West Erda Improvement District	-	0.00%	-	-	-	-	-	-
Rush Valley Water Conservancy District	4,237	88.77%	723	31	458	19	1,231	5,468
Lake Point Cemetery	9,384	94.84%	1,533	226	243	23	2,025	11,409
No. Tooele SSD	21,886	92.11%	2,111	173	9,692	3,941	15,917	37,803
Saddleback Special	-	0.00%	-	-	-	-	-	-
School - Local	11,568,480	91.95%	1,928,922	177,393	783,593	60,991	2,930,899	14,499,359
State Uniform A & C	300,105	92.14%	48,503	4,465	20,198	1,981	73,147	373,252
Tooele County Uniform A & C	520,705	94.62%	86,822	6,749	21,767	2,124	117,462	638,167
Southern SSD	-	0.00%	-	-	-	-	-	-
Tooele Judgment	-	0.00%	-	-	12	3	15	15
Grantsville Judgment	-	0.00%	-	-	16	4	20	20
Wendover Judgment	-	0.00%	-	-	-	-	-	-
Stockton Judgment	-	0.00%	-	-	-	-	-	-
County Judgment	-	0.00%	-	-	46	11	57	57
Hospital Judgment	-	0.00%	-	-	-	-	-	-
Mosquito Judgment	-	0.00%	-	-	3	1	4	4
NTCFPD Judgment	-	0.00%	-	-	1	-	1	1
Tooele RDA	-	0.00%	-	-	-	-	-	-
County RDA	-	0.00%	-	-	-	-	-	-
Hospital RDA	-	0.00%	-	-	-	-	-	-
Schools RDA	-	0.00%	-	-	-	-	-	-
Debt Service RDA	-	0.00%	-	-	-	-	-	-
County A&C RDA	-	0.00%	-	-	-	-	-	-
Tooele RDA Judgment	-	0.00%	-	-	-	-	-	-
County RDA Judgment	-	0.00%	-	-	-	-	-	-
Totals	\$ 20,394,280		\$ 3,498,539	\$ 311,582	\$ 1,408,348	\$ 320,851	\$ 5,537,320	\$ 25,931,589

TOOELE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

Federal Grantor / Pass Through Grantor Program Title	Federal CFDA Number	Pass-Thru Grantor's Number	Expenditures
<u>U.S. Department of Justice</u>			
Passed through Utah State Attorney General:			
Children's Justice Grants to States	93.643	050569	\$ 111,004
Passed through State Comm. on Criminal & Juvenile Justice:			
Crime Victims Assistance - VOCA	16.575	05-VOCA-44	15,607
Project Safe Neighborhood	N/A	2005-GP-CX-0531	22,425
<u>U.S. Department of Interior</u>			
Forest Reserve Allocation	N/A		35,121
<u>Federal Emergency Management Agency</u>			
Passed through State Department of Public Safety:			
*C.S.E.P.P. Grant	97.040	DES-CSEPP-2005-002	4,371,022
*C.S.E.P.P./Medical	97.040	DES-CSEPP-2005-002	1,475,413
Emergency Management Performance Grant	97.042		100,512
<u>U.S. Department of Homeland Security</u>			
State and Local Assistance	97.042		11,721
*State Domestic Preparedness Equipment Support Program - 2003	97.004		159,712
*State Domestic Preparedness Equipment Support Program - 2004	97.004		190,776
Community Emergency Response Teams (C.E.R.T.)	97.054		10,103
<u>U.S. Department of Agriculture</u>			
Passed through Utah Department of Health:			
Women, Infants and Children - Administration	10.557	05-1067	314,233
Women, Infants and Children - Food	10.557	05-1067	907,722
Elderly Feeding Program	10.550		38,175
<u>Community Services Block Grant</u>			
Community Services Block Grant	93.569	050812	5,069

TOOELE COUNTY

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2005

Federal Grantor / Pass Through Grantor Program Title	Federal CFDA Number	Pass-Thru Grantor's Number	Expenditures
<u>Community Development Block Grant</u>			
Community Development Block Grant - Childrens Justice Center	14.228	05-0130	32,839
<u>Health Care Finance Administration</u>			
Health Insurance Counseling	93.779		5,965
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Health:			
MCH Block Grant	93.994	050252	44,858
General Health Services	93.991	052181	130,230
Utah Cancer Control Program	93.919	052094	15,265
STD Culture and Investigation	93.977	051822	8,284
Immunization Program	93.268	052114	75,145
T.B. Medication Program	93.116	051822	9,966
LHD=ChEC	93.778	052195	15,790
Diabetes Today	93.988	052094	4,601
Comprehensive Tobacco Program	93.283	052118	61,665
Bioterrorism	93.283	051378	202,954
Choice of Health Care Delivery, Consumer Ed. & Assist.	93.778	052084	45,981
Cardiovascular	93.991	052118	24,177
Heart Disease	93.991	052118	61,084
MCH Injury Prevention	93.994	052118	34,431
Child Injury Prevention	93.994	052094	4,741
Abstinence Education	93.235	050252	61,724
Child Adolescence School Health - Home Visiting	93.994	052114	14,350
Capitalizat. Grants for Drinking Water State Revolv. Funds - Environ. Serv.	66.468	052181	137,589
HIV Aids Counseling and Education	93.940	051822	3,075
Indoor Clean Air	N/A	052181	975
WIC Tobacco Cessation	93.283	052094	29,353
Tobacco Prevention and Control - Compliance	93.283	052094	64,952
Early Childhood Development Program	93.778	051901	71,496
Vaccines	N/A		84,572
Passed through State Department of Human Services:			
Social Services Block Grant	93.667	585	57,713
Title III, B Supportive Services & Seniors	93.044		45,945
Title III, C Nutrition Services	93.045		173,694
Title III, PT F Disease Prevention and Promotion Services	93.043		2,986
Title VII, Long-Term Care Ombudsman Services for Older Individuals	93.042		8,632
Total Expenditures of Federal Awards			\$ 9,303,647

TOOELE COUNTY
Notes to Schedule of Expenditures of Federal Awards

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of activities related to the County's expenditure of federal awards. The schedule has been prepared on the accrual basis of accounting, as contemplated by generally accepted accounting principles. Most of the awards are reimbursement based. Therefore, as expenditures of federal funds are made, revenue is recognized.

2. ACCOUNTS RECEIVABLE

The financial statements include accounts receivable from federal programs. These receivables are recorded according to the same basis of accounting as the financial statements. The receivables reflect federal awards that have been expended by year end and not yet reimbursed.

TOOELE COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2005

A SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Tooele County.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Tooele County were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Tooele County express an unqualified opinion.
6. Audit findings relative to the major federal award programs for Tooele County are reported in Part C of this schedule.
7. The programs tested as major programs include:

C.S.E.P.P/Medical	97.040
C.S.E.P.P Grant	97.040
State Domestic Prepared. Equip. Support Prog.-2003	97.004
State Domestic Prepared. Equip. Support Prog.-2004	97.004

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Tooele County was determined to be a low-risk auditee.

B FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C FINDINGS AND QUESTIONED COSTS - MAJOR AWARD PROGRAMS

None



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Company**

Certified Public Accountants (a professional corporation)

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Board of County Commissioners
Tooele County, State of Utah

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Tooele County, State of Utah (the County)** as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, the County Commission, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Haynie & Co

Salt Lake City, Utah
August 15, 2006



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Board of County Commissioners
Tooele County, State of Utah

Compliance

We have audited the compliance of **Tooele County, State of Utah (the County)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the County Commission, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Haynie & Co

Salt Lake City, Utah
August 15, 2006



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**REPORT ON LEGAL COMPLIANCE APPLICABLE
TO UTAH STATE LAWS AND REGULATIONS**

Honorable Board of County Commissioners
Tooele County, State of Utah

We have audited the basic financial statements of **Tooele County, State of Utah** (the County) for the year ended December 31, 2005 and have issued our report thereon dated August 15, 2006. As part of our audit, we have audited **Tooele County, State of Utah's** compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's *Legal Compliance Audit Guide* for the year ended December 31, 2005. The County received the following major State assistance programs from the State of Utah:

- B & C Road Funds (Department of Transportation)
- Liquor Law Enforcement (State Tax Commission)
- General Health (Department of Health)

The County also received the following nonmajor grants, which are not required to be audited for specific compliance requirements. However, these programs were subject to test work as part of the audit of **Tooele County, State of Utah's** financial statements:

- Tobacco Free Utah (Department of Health)
- Cancer Screening (Department of Health)
- Sexually Transmitted Diseases (Department of Health)
- Public Health Computer Network (Department of Health)
- Cancer Control (Department of Health)
- Infant Development (Department of Health)

Our audit also included test work on the County's compliance with those general compliance requirements identified in the State of Utah *Legal Compliance Audit Guide*, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Liquor Law Enforcement
- Justice Courts Compliance
- B & C Road Funds
- Special Districts
- Other General Compliance Issues
- Uniform Building Code Standards
- Statement of Taxes Charged, Collected, and Disbursed
- Assessing and Collecting of Property Taxes
- Transient Room Tax

The management of **Tooele County, State of Utah** is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, **Tooele County, State of Utah** complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2005.

Haynie & Co

Salt Lake City, Utah
August 15, 2006

TOOELE COUNTY
Schedule of Findings - Compliance - State of Utah
For the Year Ended December 31, 2005

CURRENT YEAR FINDINGS

Statement of Condition - 05-1:

The unclaimed property report was not prepared and submitted to the State Treasurer's Office, Division of Unclaimed Property.

Criteria

Per *Utah Code* 67-4a-210 and 301, a government entity holding property for more than one year after the property became payable or distributable must report and remit the property to the State Treasurer's Office, Division of Unclaimed Property, by May 1 for the calendar year ended December 31.

Cause

The County has just not gone through the unclaimed property list to ensure that the items were properly included on the report and remitted to the State Treasurer's Office, Division of Unclaimed Property.

Effect

The County is not in compliance with State law.

Recommendation:

We recommend that the County remit the unclaimed property report to the State Treasurer's Office, Division of Unclaimed Property.

Response:

We concur with the auditors' recommendations and will remit the unclaimed property report to the State Treasurer's Office, Division of Unclaimed Property.

Statement of Condition - 05-2:

We noted instances at the Landfill, the Tooele Valley Justice of the Peace, and Deseret Peak where receipts were not deposited daily or within three banking days.

Criteria

Receipts should be deposited daily or within three banking days, as required by *Utah Code* 51-4-2(2).

Cause

The Sheriff's Office is just not completing the deposit and ensuring that it is taken to the bank at least every three business days.

Effect

The County is not in compliance with State law.

Recommendation:

We recommend that procedures be established to assure that deposits are made in accordance with the compliance requirement.

Response:

We concur with the recommendation and will establish corrective procedures.

TOOELE COUNTY

Schedule of Findings - Compliance - State of Utah For the Year Ended December 31, 2005

Statement of Condition - 05-3:

We noted that justice court funds for 5 of 12 months were not remitted to the Utah State Treasurer on or before the 10th day of the month following collection.

Criteria

Justice court funds should be remitted to the Utah State Treasurer on or before the 10th day of the month following collection as required by *Utah Code 51-4-2*.

Cause

The funds are not being remitted timely enough from the justice court to the County and then from the County to the Utah State Treasurer.

Effect

The County is not in compliance with State law.

Recommendation:

We recommend that procedures be established to ensure that justice court funds collected in the previous month are remitted to the Utah State Treasurer by the 10th day of the following month.

Response:

We concur with the recommendation and will establish procedures to comply.

Statement of Condition - 05-4:

The County Treasurer did not disburse all tax monies collected during the preceding month to the appropriate taxing entities by the tenth day of the following month.

Criteria

The County Treasurer should disburse all tax monies collected during the preceding month to the appropriate taxing entities by the tenth day of the following month, as required per *Utah Code 59-2-1365*.

Cause

Due to receiving the County Assessor's report late, the County Treasurer did not timely disburse all tax monies to the appropriate taxing entities.

Effect

The County is not in compliance with State law.

Recommendation:

We recommend that the County ensure that the tax monies be properly disbursed by the tenth day of each month.

Response:

We concur with the recommendation and will establish procedures to comply.

TOOELE COUNTY

Schedule of Findings - Compliance - State of Utah For the Year Ended December 31, 2005

Statement of Condition - 05-5:

The county municipality did not mail the quarterly report to the Division of Occupational and Professional Licensing within the 30 days following the end of the first quarter.

Criteria

All quarterly reports together with the remittance should be mailed to the Division of Occupational and Professional Licensing no later than 30 days following the end of each quarter.

Cause

The County just did not mail the quarterly report to the Division of Occupational and Professional Licensing within the 30 days following the end of the first quarter.

Effect

The County is not in compliance with State law.

Recommendation:

We recommend that the County ensure that all quarterly reports together with their respective remittance are mailed to the Division of Occupational and Professional Licensing no later than 30 days following the end of each quarter.

Response:

We concur with the recommendation and will establish procedures to comply.

PRIOR YEAR FINDINGS

The County did not prepare and submit the unclaimed property report to the State Treasurer's Office, Division of Unclaimed Property, in 2004, and a \$130 landfill cash receipt item could not be located to see if it was properly recorded and deposited, both of which have been resolved this year. The County had similar conditions related to the 3-day banking requirement at the Sheriff's Office, the Justice Court funds not being remitted to the Utah State Treasurer on or before the 10th day of the month following collection, and the County Treasurer, due to receiving the County Assessor's report late, not disbursing all tax monies collected during the preceding month to the appropriate taxing entities by the tenth day of the following month in 2004.